

Message Text

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ACTION COME-00

INFO OCT-01 ARA-10 ISO-00 EB-07 USIA-15 /033 W

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R 032205Z JUL 75

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 5784

UNCLAS LIMA 5397

EO 11652: NA

TAGS: BEXP, PE

SUBJ: COMMERCIAL PRESENCE FAIR - NINTH PACIFIC

INTERNATIONAL TRADE FAIR - PERU - MORAL GUARANTEE

1. DURING CONSULTATIONS THAT COMATT HAD ON PACIFIC FAIR WITH DOC, THE POSSIBILITY THAT EMBASSY WOULD PROVIDE A "MORAL GUARANTY" TO GOP FOR ITS EXHIBITORS IN OFFICIAL PAVILION WAS DISCUSSED. SUCH MORAL; GUARANTY WOULD MEET GOP REQUIREMENT THAT EQUIPMENT MUST BE COVERED BY EITHER MORAL GUARANTY OR BANK BOND TO COVER ESTIMATED CUSTOMS DUTIES ON EQUIPMENT FOR FAIR UNTIL SUCH TIME AS EQUIPMENT ENTERS PERU ON PERMANENT BASIS (AND DUTIES ARE PAID) OR EQUIPMENT IS REEXPORTED.

2. FOR TECNOMIN EMBASSY DID NOT RPT NOT ISSUE MORAL GUARANTEE. ALMOST ALL OUR EXHIBITORS COMPLAINED OF ADDITIONAL COST AND PAPERWORK ENTAILED IN OBTAINING COMMERCIAL BANK GUARANTEE.

3. DISCUSSION INDICATED THAT USG HAD OFFERED SUCH MORAL GUARANTEES FOR EXHIBITORS IN OTHER OFFICIAL U.S. PAVILIONS WITHOUT MAJOR PROBLEMS INVOLVED. EMBASSY, UNLESS INSTRUCTED OTHERWISE, WILL ISSUE SUCH MORAL GUARANTEE FOR OUR EXHIBITORS.

4. IN ORDER TO AVOID ANY POTENTIAL PROBLEMS, HOWEVER, COMATT WILL REQUIRE FROM LOCAL EXHIBITORS A WRITTEN STATEMENT THAT THWY WILL BE RESPONSIBLE FOR PAYMENT

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OF DUTIES UNDER ALL AND ANY CIRCUMSTANCES FOR EQUIPMENT

EXHIBITED IN OUR PAVILION. IN ADDITION, WE WILL REQUEST THAT U.S. MANUFACTURER ALSO REQUEST ISSUANCE OF MORAL GUARANTEE FOR THEIR EQUIPMENT IN OUR PAVILION.

5. WOULD APPRECIATE ANY OTHER SUGGESTIONS DOC MIGHT HAVE AS HOW TO HANDLE THIS POINT.

COMMENT: ISSUE OF "MORAL GUARANTEE" IS IMPORTANT AS INDICATION THAT USG REALLY INTERESTED IN PROMOTING SALE U.S. EQUIPMENT. WE MANAGE TO FINESSE THIS TOPIC FOR TECNOMIN BUT WE CANNOT DO IT AGAIN FOR PACIFIC FAIR. THIS IS ONE OF REAL AND EFFECTIVE USG ACTION AVAILABLE THAT WOULD INDICATE THAT WE ARE BEHIND OUR EXPORTERS. ALL OTHER EMBASSIES PROVIDE SUCH GUARANTEES. US SHOULD NOT STAND OUT AS ONLY COUNTRY WHICH DOES NOT. SUCH ATTITUDE HAS BEEN COMMENTED AS INDICATING DISTRUST OF OUR OWN COMPANIES.
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